



**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No. C-2016/04/396)



*Fair Competition  
For Greater Good*

01.08.2016

**Notice under Section 6 (2) of the Competition Act, 2002 given by  
HCL Technologies Limited, Geometric Limited and 3DPLM Software Solutions Ltd.**

**CORAM:**

Mr. Devender Kumar Sikri  
Chairperson

Mr. Sudhir Mital  
Member

Mr. Augustine Peter  
Member

Mr. U.C. Nahta  
Member

Mr. M. S. Sahoo  
Member

Mr. G.P. Mittal  
Member

**Legal Representative:** Cyril Amarchand Mangaldas

**Order under Section 31(1) of the Competition Act, 2002 (“Act”)**

1. On 29.04.2016, the Competition Commission of India (“**Commission**”) received a notice given by HCL Technologies Limited (“**HCL**” or “**Acquirer**”), Geometric Limited (“**Geometric**” or “**Target**”) and 3DPLM Software Solutions Ltd. (“**3DPLM**”) (hereinafter HCL, Geometric and 3DPLM together are referred to as “**Parties**”) under sub-section (2) of Section 6 of the Act, pursuant to the execution of a framework agreement between Geometric and HCL dated 01.04.2016 (“**Framework Agreement**”), board resolution of Geometric dated 01.04.2016 and board resolution of 3DPLM dated 01.04.2016.
2. As stated in the notice, the proposed combination relates to the acquisition by HCL of certain undertakings of Geometric (“**Step 1**”) and the subsequent merger of remaining undertaking of Geometric with 3DPLM (“**Step 2**”). Step 1 and Step 2 are collectively referred to as the “**Proposed Combination**”. Further, Steps 1 and 2 are part of a composite scheme of arrangement and amalgamation, under Section 391 read with Section 394 of the Companies Act, 1956, amongst HCL, Geometric and 3DPLM and their respective shareholders and creditors (the “**Scheme**”).



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3. The first step, *i.e.* Step 1, involves acquisition by HCL of all the businesses & assets of Geometric, including all subsidiaries of Geometric but excluding the equity-shareholding of Geometric in 3DPLM (hereinafter referred to as the “**Business Undertaking**”) (“**Acquisition**”) on a going concern basis, pursuant to the Scheme and the Framework Agreement. The second step, *i.e.* Step 2, involves merger of the remaining undertaking of Geometric (which comprises only the Geometric’s equity-shareholding in 3DPLM or “**Merging Entity**”) with 3DPLM (“**Merger**”), as a result of which Geometric’s equity shareholding in 3DPLM will be cancelled and Geometric will cease to exist. As a consequence of this, Dassault Systèmes (“**DS**”) would acquire sole control of 3DPLM [DS will also, consequently, indirectly acquire 3DPLM’s wholly-owned subsidiary, 3DPLM Global Services Limited (“**3DGS**”)<sup>1</sup>].
4. The notice has been filed under Section 6(2) of the Act, read with Regulation 9(4) of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”). It has been stated in the notice that, “*the two steps together comprise a composite transaction. In terms of Regulation 9(4) of the Combination Regulations, where the ultimate intended effect of a business transaction is achieved by way of a series of steps or smaller individual transactions which are inter-connected one or more of which may amount to a combination, a single notice, covering all these transactions, shall be filed by the parties to the combination. Accordingly, the Parties have filed this Notice with the Hon’ble Commission seeking its approval for the Proposed Transaction.*”
5. The Proposed Combination meets the threshold prescribed under section 5 of the Act.
6. In terms of Regulation 14 of Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, vide letter dated 30.05.2016, the Commission required the Acquirer to furnish certain information on market shares by 03.06.2016. The same was submitted on 17.06.2016, after seeking extension of time.
7. As stated in the notice, HCL, a part of HCL group, is a multinational Information Technology (“**IT**”) services company, headquartered in Noida, India and is listed on National Stock Exchange. HCL is, *inter alia*, engaged in the business of mechanical engineering services, software product engineering, IT services, IT infrastructure services, application services, IT hardware, systems integration and distribution of information & communications technology products. Through its multiple representative offices in India, HCL uses its India operations to service its customers based overseas and multi-national clients.
8. As stated in the notice, Geometric is a listed company headquartered in Mumbai, India and is the ultimate parent company of the Geometric group of companies. It is engaged in the business of: (i) IT enabled engineering services; (ii) software services and solutions

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<sup>1</sup> It has been stated in the notice that “*DS has not acquired any additional shares in 3DPLM; DS is neither a signatory to the Framework Agreement nor a party to the Scheme*”.



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including product lifecycle management (“**PLM**”) software services and solutions; and (iii) engineering design productivity software tools/products. Geometric caters to: (a) end customers based overseas; and (b) multi-national companies that have Indian presence. It is also stated that Geometric’s revenue accruing from providing products / services to Indian clients is negligible. It is stated to be present in India through multiple representative offices and has 8 subsidiaries outside India; however, none of the overseas subsidiaries of Geometric provide any product / service to Indian clients.

9. As stated in the notice, 3DPLM is an unlisted company incorporated under the provisions of Companies Act, 1956. It is a joint-venture of Geometric and DS which have 58% and 42% equity shareholding, respectively. A captive unit of DS, 3DPLM provides software development / solutions / services and professional consulting / development services to the DS group and is not present in any market as it does not provide any product/service independently in any market. During 2014-15, over 99% of 3DPLM’s revenues were generated by providing services to DS group companies outside India. 3DPLM has a wholly owned subsidiary in India, 3DGS. It is a captive unit and does not provide any service independently in any market. During 2015-15, 100% of 3DGS’s revenues were earned as a result of provision of services to DS group companies outside India.
10. DS, a company headquartered in France, is primarily engaged in development and sale of PLM software and solutions. In India, DS, through its wholly owned subsidiary, Dassault Systèmes India Private Limited (“**DS India**”) is engaged in the provision, support and maintenance of DS software solutions in India. It is stated to have four subsidiaries which have either ceased to exist or which no longer have any operations in India.
11. As stated in the notice, ‘IT services’ and ‘engineering, research & development’ (“**ER&D**”) are the overlapping segments between HCL and Geometric in the IT and ITES market in India (“**Overlapping Segments**”). HCL and Geometric are stated to have small market shares in the business of IT and ITES as well as in the Overlapping Segments, and there are several large entities, like Tata Consultancy Services, Infosys and Wipro, operating in the business of IT and ITES, as also in the Overlapping Segments. These competing companies will continue to pose competitive constraint to HCL and Geometric. In view of this, no appreciable adverse effect on competition (“**AAEC**”) seems to arise with regard to horizontal overlaps. In view of above, delineation of relevant market may be left open. As per the notice, vertical relationship between businesses of the parties does not arise since 3DPLM is a captive unit of DS. Further, in pre-combination scenario, 3DPLM’s subsidiary 3DGS provides systems integration professional services to Geometric as an outsourced sub-contractor. However, in the post-combination scenario, the employees engaged in the rendering of sub-contracting services to Geometric shall, subject to their consent, be transferred to HCL as part of the Business Undertaking.
12. Considering the facts on record and details provided in the notice given under sub-section (2) of section 6 of the Act and assessment of the Proposed Combination on the basis of factors stated in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have an appreciable adverse effect on



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competition in India and, therefore, the Commission hereby approves the same under sub-section (1) of Section 31 of the Act.

13. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
14. The information provided by the Parties is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.
15. The Secretary is directed to communicate to the Parties accordingly.